



Meeting of the BBC Board

MINUTES

22 February 2018
Broadcasting House, London

ITEMS OF BUSINESS

1. Apologies and Conflicts of Interest
2. Minutes from the 25 January Board Meeting
3. Executive Reports
4. Budget and Annual Plan
5. Audio
6. Contestable Fund: Briefing
7. Distribution in the Nations and Regions
8. TV Finance Case
9. Committee Reports
10. AOB

ATTENDANCE

Present

- David Clementi Chairman
- Tony Hall Director-General
- Anne Bulford Deputy Director-General
- Simon Burke Non-executive director
- Tim Davie Chief Executive Officer, BBC Worldwide
- Tanni Grey-Thompson Non-executive director
- Ian Hargreaves Non-executive director
- Tom Ilube Non-executive director
- Ken MacQuarrie Director, Nations and Regions
- Steve Morrison Non-executive director
- Nicholas Serota Non-executive director
- Elan Closs Stephens Non-executive director
- Ashley Steel Non-executive directors

Apologies: There were no apologies

With

- Phil Harrold Company Secretary
- Jo Clarke Secretariat Manager
- Charlotte Moore Director, Content (items 1-3 and 8)
- James Purnell Director, Radio and Education (items 1-3 and 5)
- Fran Unsworth Director, News and Current Affairs (items 1-3)
- David Jordan Director, Editorial Standards (items 1-3)
- Gautam Rangarajan Director, Strategy (items 1-4)
- Shirley Cameron Group Financial Controller (item 4)
- Neelay Patel Director, Product and Systems (item 5)
- Bob Shennan Director, Radio (item 5)
- Clare Sumner Director, Policy (items 5 and 6)
- Matthew Postgate Chief Technology Officer (item 7)
- Kieran Clifton Director, Distribution (item 7)

BOARD MINUTES – 22 FEBRUARY 2018

I. Apologies and Conflicts of Interest

1.1 There were no apologies

2. Minutes from the 25 January Board

2.1 The minutes from the 25 January Board meeting were approved.

3. Executive Reports

3.1 The Director-General presented a number of regular Executive Reports to the Board. These included reporting on performance, editorial compliance, operations and assurance.

3.3 The Director-General opened the session by summarising some of the next steps taken by the Executive as a result of the Board's away day earlier in the month. A note on the outcomes of the away day sessions would be circulated to Directors.

3.4 Directors noted an update on on-going HR issues around pay, the modernisation of terms and conditions and the roll-out of the career path framework.

3.5 In programme news February had seen great multi-platform coverage of the Winter Olympics. Directors were pleased to note the confirmation that Match of the Day rights had been extended to 2022, and the launch of the new weather map had been well-received.

3.6 At the National Television Awards *Strictly Come Dancing*, *Blue Planet II*, *Dr Foster* and *Inside Number 9* were among the shows recognised. The Broadcast Awards recognised the news and current affairs programme *The Death of Jo Cox* and named BBC One Channel of the Year.

3.7 The performance of the BBC's services among audiences had been solid in the last quarter of the year. In December, pan-BBC reach had been steady for all adults and 16-34s, with BBC TV's share of the broadcast TV market up among 16-34 year olds. In addition, time spent with iPlayer had reached record levels helped by box-sets and extra Christmas content. However, new services in the market had

reached similar levels of consumption among young audiences, with Netflix and Spotify rivalling BBC TV and BBC Radio for 16-24s.

- 3.8 The Board noted the editorial compliance and complaints report. Turnaround times for complaints responses were within target.
- 3.9 The Deputy Director-General provided the Board with updates on finance and assurance matters, including the performance of the BBC's strategic contracts and major projects.
- 3.10 The Board noted the update from the Deputy Director-General on the implementation of changes to IR35 by HMRC and their impact on those individuals affected, both at the BBC, and across the broadcast industry. A number of cases would go for adjudication in the Spring.
- 3.11 The Board discussed the critical projects portfolio and noted the update on the budget for improvements to the *EastEnders* set. A further paper would come to a future Board meeting.
- 3.12 The Board noted that the Directors were engaging with Ofcom on a number of regulatory issues including the Diversity Commissioning Code of Practice, targets in the operating licence; Ofcom's future radio report and Ofcom's review of representation and portrayal.

4 Budget and Annual Plan

- 4.1 The Board considered the Budget and the draft Annual Plan for 2018/19.
- 4.2 The Deputy-Director opened the Budget discussion by acknowledging the Board's request, expressed at the away day, for a more rapid refocus across the BBC's portfolio. As a result some initial priorities for investment had been identified and work undertaken to identify funding already allocated and transitional funding to support these investments for 2018/19 only. A further strategic re-prioritisation exercise would be required for future years.
- 4.3 The Board welcomed the response to its request to support a strategic re-investment exercise. Directors approved the updated approach for 2018/19 on the basis that further re-prioritisation exercise would take place. The updated Budget would return for approval at the March meeting.
- 4.4 Directors requested a Management Plan, which should include a development pipeline which would identify funding flows into content investment.
- 4.4 The Board discussed the draft Annual Plan for 2018/19. Directors agreed that the narrative should more clearly identify some of the upcoming issues for the BBC in terms of audiences and structural change, and funding challenges, as well as how the BBC planned to meet them. Directors proposed

further amendments to the document, including more on investment in the Nations and Regions and greater focus on strategic priorities. A final draft would return to the Board in March.

4.5 The Board approved the BBC's Licence Fee Collection Strategy for 2018/19.

5. Audio

5.1 The Board considered how the BBC's audio services might be delivered in the future.

5.2 At the away day the Board considered plans for the development of an audio product, which would deliver all of the BBC's radio and audio services to the audience using a digital application. Directors had requested further consideration of the Stage 1 plans for the product and its consumer proposition at this meeting.

5.3 The Board noted that Phase 1 referred to the initial launch, which would make the product available from June and a full marketing push from November to April 2019. In this Phase, the consumer would see:

- The BBC Music app closed and the introduction of the Combined Audio Player. During this period, current iPlayer Radio app would be phased out and existing users migrated to the Combined Audio Product.
- The new user experience and functionality would include personalised discovery, continuous play and autodownload.
- There would be marginal increases in podcasts and music playlists.

5.5 The Board welcomed the strategic direction of the Combined Audio Product, noting the incremental nature of the launch. Directors discussed the issues around Stage 1 functionality and content.

5.6 The Board approved the strategic direction of the Audio Product, and Stage 1 of its implementation and launch. Directors agreed that the speed of launch at this stage was important. In terms of the communication plan, Directors considered that it was important to stress that the whole of the BBC's audio content would be available through the Audio Product, and to promote the distinctiveness of the music offer.

5.7 The Board requested that Phase 2 of the project should return to the Board with a clear audience proposition for the final Combined Audio Product.

Phase1 Combined Audio Product: Regulatory assessment

- 5.8 The Board considered the materiality assessment of the first phase of the Combined Audio Product in particular whether this constituted a “material change” under the 2016 Charter and Agreement, and therefore whether it would require a Public Interest Test.
- 5.9 The Board agreed that Phase 1 of the Combined Audio Product was not a material change as it did not meet the materiality test set in the Agreement.

6. Contestability Briefing

- 6.1 The Board noted a briefing on the Public Service Contestable Fund.

7. Distribution in the Nations and Regions

- 7.1 During a discussion about Distribution strategy at its September 2017 meeting, the Board requested a paper setting out distribution issues for the BBC in the Nations and Regions. Consequently a paper had been produced which set out some of the long-term distribution choices that the Board would need to consider with regard to distribution in the Nations and Regions.
- 7.2 The Board discussed options around HD content delivery in the Nations and Regions. In an environment where it would be too expensive to broadcast all channels in HD in all areas, the Board agreed in principle that it supported the enhancement of Nations HD broadcast where no incremental investment was required. It was noted that this approach would lead to the replacement of BBC Two Network HD on DTT with BBC Two Wales/NI HD. In Scotland, BBC Scotland would be broadcast in HD in addition to BBC Two network HD, ideally from launch, subject to regulatory approval. Directors welcomed the benefits to Nations HD audiences.
- 7.3 With regard to Radio, the Board noted that FM reached over 99% of households and DAB, and IP distribution by internet and mobile networks could not provide that level of coverage as yet. The Board agreed for the BBC to argue in principle for a hybrid future that would include FM, DAB and online, and avoid further DAB expansion costs. Directors supported the need for BBC involvement in the 5G trials.
- 7.4 The Board noted that a further item on distribution issues would return to a future Board meeting.

8 TV Finance Case

[Redacted for commercial confidentiality]

9 Committee Reports

9.1 The Chair of the Remuneration Committee reported on the latest meeting. Items on the agenda had included the pay framework for BBC Studios and BBC Worldwide and the salary disclosure requirements this year.

9.2 The Chairman announced that he would propose to the Nominations Committee that the Nations Committees should be chaired by the relevant Nations members.

9.3 The Chair of the Audit Committee reported on the latest meeting. Items on the agenda had included the new General Data Protection Regulation legislation and an update on the NAO Audit.

10. AOB

10.1 The Board noted that the World Service Operating Licence had now been issued.

10.2 The Board noted that the March meeting would be held in Belfast.

Approved by the Board: _____ (Chairman)

_____ (Date)